

MPF[®] Default Tutorial Series

Module 1: Loss Mitigation Framework

September 2026



FHLBANKS
LENDING THAT POWERS COMMUNITIES



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Learning Objectives

After completing this training, you will be able to:

- Describe the goals and outcomes of loss mitigation
- Use borrower information to distinguish temporary from permanent hardship
- Match borrower circumstances to the workout hierarchy
- Distinguish retention from non-retention options
- Locate approved servicing resources and submission tools

MPF® Default Tutorial Series

1

Loss Mitigation
Framework

2

Forbearance Plan

3

Repayment Plan

4

Payment Deferral

5

Modification

How the Series Builds

- Begin with the decision framework, then develop deeper knowledge of each retention workout option.

Office Hours

- Bring questions, discuss borrower situations, and engage directly with subject matter experts.



REMINDER:

This series covers both MPF® Traditional and MPF Xtra® products. Requirements and processes may vary by product.

Loss Mitigation Landscape

Goals

- Help borrowers understand available options
- Avoid foreclosure
- Make every reasonable effort to cure delinquency

Outcomes

- **Retention:** Borrower keeps the home
- **Non-Retention:** Borrower transfers ownership while avoiding foreclosure

Common Challenges

- Establishing borrower contact
- Determining hardship duration
- Managing documentation requirements

KEY TAKEAWAY

The appropriate workout can change as the borrower's hardship evolves. Many workouts allow streamlined evaluations, but requirements still apply.

Understanding the Borrower Story

Quality Right Party Contact, or QRPC, establishes a consistent standard for meaningful borrower communication.

Purpose of QRPC

- Confirm borrower or authorized third party
- Confirm occupancy status
- Identify cause and duration (temporary or permanent) of delinquency
- Assess ability to repay mortgage debt
- Explain available workout options
- Obtain borrower's commitment to resolve delinquency

Questions to Ask

- What caused the delinquency?
- Is the hardship temporary or permanent?
- Has the hardship been resolved or is it ongoing?
- Does the borrower want to keep or sell the property?
- What payment can the borrower afford?

Quick Practice | What Do You Need to Know?

The borrower states: *“I’m back at work, but I’m still behind in my bills.”*

Before discussing a workout, what additional information would you gather?

1

Is the hardship fully resolved?

2

Can borrower reinstate?

3

Can the borrower afford more than the regular payment?

4

Can the borrower afford the regular payment?

Workout Hierarchy

Use hardship status, resolution, affordability, and borrower intent to guide the next evaluation.

Temporary Not resolved



Forbearance Plan

Temporary Resolved Cannot reinstate



Repayment Plan

Temporary Resolved Cannot afford repayment plan



Payment Deferral

Permanent or long-term



- **Modification**
- **Short Sale**
- **Deed-in-Lieu**

Note: If the borrower requests a non-retention workout, the servicer must evaluate the borrower for a non-retention workout first.

Temporary Hardship Workout Options

Forbearance Plan

- A period of reduced or suspended payments.

Best Fit: The temporary hardship is ongoing and not yet resolved.

Repayment Plan

- The borrower pays more than the regular monthly payment until the delinquency is paid off.

Best Fit: The hardship is resolved and the borrower can afford an increased payment.

Payment Deferral

- Past-due payments and eligible advances are deferred to maturity, bringing the loan current.

Best Fit: The hardship is resolved, but the borrower cannot afford reinstatement or a repayment plan.

Permanent Hardship Workout Options

Modification

Permanently reduces the payment by changing the terms of the existing loan.

RETENTION OPTION

Short Sale

Allows the borrower to sell the home for less than the total debt remaining on the mortgage.

NON-RETENTION OPTION

Deed-in-Lieu

Transfers ownership of the property to the owner of the mortgage.

NON-RETENTION OPTION

Tools & Resources | Servicing Guides



[Click here](#) to launch the MPF website.

MPF® Traditional Servicing Guide

- Chapter 9: Workouts

Use the current guide and applicable MPF® Announcements as the controlling source.

MPF Xtra® Servicing Guide

- Chapter 8.3: Loss Mitigation

Fannie Mae Servicing Guide, Chapter D2-3: Home Retention and Non-retention Workout Options.

The screenshot shows the MPF Mortgage Partnership Finance website. The top navigation bar includes links for Mortgage Solutions, Member Resources, Program Guidelines (circled in red), About Us, a search icon, and Contact Us. There are also Login and Explore buttons. The main content area is titled 'Program Guidelines' and lists links for MPF Program Updates, Knowledge Articles, and Subscribe to MPF Communications. A red arrow points from the 'Program Guidelines' link in the navigation bar to the 'Guides' link in the main content area.

Tools & Resources | eMAQCS®plus



[Click here](#) to launch the MPF website.

Where to Start

- **MPF® Traditional:** Form SG354 Workout Worksheet under Forms > Add/View Forms
- **MPF Xtra®:** SMDU forms under Forms > SMDU Forms

Submit through eMAQCS®plus *

- Payment Deferral
- Modification
- Short Sale
- Deed-in-Lieu

* Any workout that does not comply with the applicable servicing guide requirements must be submitted through eMAQCS®plus for MPF review before it is offered to the borrower.

[Home - PFI QC](#) [Home - Servicing \(PFI\)](#) [Upload](#) [Loan Search](#) [Guidelines](#) [Forms](#) [PFI QCS Checklists/Worksheets](#) [MPF Application Links](#)

 

[Add/View Forms](#) [SMDU Forms](#) [Miscellaneous Servicing Forms](#)

MPF Traditional **MPF Xtra**

ACTIVITY:
Apply the Framework

Activity | Example A

Borrower Scenario

The borrower has been furloughed and expects to be out of work for three months. Savings are insufficient to cover the mortgage payment during that period.

Which workout is most appropriate?

Forbearance Plan

Repayment Plan

Payment Deferral

Modification

Activity | Example A

Borrower Scenario

The borrower has been furloughed and expects to be out of work for three months. Savings are insufficient to cover the mortgage payment during that period.

Why This Fits

The hardship is temporary and has not been resolved.

Which workout is most appropriate?

Forbearance Plan

Repayment Plan

Payment Deferral

Modification

Activity | Example B

Borrower Scenario

An injury prevented the borrower from working for several months. The borrower is now back at work and can resume the regular monthly payment but cannot reinstate the loan or afford a payment above the regular amount.

Which workout is most appropriate?

Repayment Plan

Payment Deferral

Modification

Short Sale

Activity | Example B

Borrower Scenario

An injury prevented the borrower from working for several months. The borrower is now back at work and can resume the regular monthly payment but cannot reinstate the loan or afford a payment above the regular amount.

Why This Fits

The temporary hardship is resolved, but the borrower cannot afford reinstatement or a repayment plan.

Which workout is most appropriate?

Repayment Plan

Payment Deferral

Modification

Short Sale

Activity | Example C

Borrower Scenario

The borrower lost a job and entered forbearance. The borrower has now found new employment, but monthly income is permanently lower. The borrower can make a payment, but not the existing monthly payment.

Which workout is most appropriate?

Forbearance Plan

Payment Deferral

Modification

Deed-in-Lieu

Activity | Example C

Borrower Scenario

The borrower lost a job and entered forbearance. The borrower has now found new employment, but monthly income is permanently lower. The borrower can make a payment, but not the existing monthly payment.

Why This Fits

The hardship has resulted in a permanent or long-term decrease in income.

Which workout is most appropriate?

Forbearance Plan

Payment Deferral

Modification

Deed-in-Lieu

Activity | Example D

Borrower Scenario

The borrower is relocating for work and has listed the home for sale without finding a buyer. The borrower does not want to retain the property and cannot afford both the mortgage and rent after moving.

Which workout is most appropriate?

Modification

Short Sale

Deed-in-Lieu

Repayment Plan

Activity | Example D

Borrower Scenario

The borrower is relocating for work and has listed the home for sale without finding a buyer. The borrower does not want to retain the property and cannot afford both the mortgage and rent after moving.

Why This Fits

The borrower has a permanent increase in expenses & doesn't want to retain the property.

Which workout is most appropriate?

Modification

Short Sale

Deed-in-Lieu

Repayment Plan

Key Takeaways

Start with the borrower story

- Hardship status, resolution, affordability, occupancy, and intent shape the evaluation.

Follow the hierarchy

- Evaluate the applicable retention or non-retention options in the required order.

Use current guidance

- Confirm requirements in the applicable servicing guide and announcements.

Submit when required

- Use eMAQCS®plus for designated workouts and exceptions requiring MPF review.



Contact the MPF® Service Center

For questions or assistance, the MPF Service Center is available from 8:30 a.m. to 4:30 p.m. CT:

[MPF Customer Service Portal](#)

MPF-Help@fhlbc.com

877.345.2673



YOUR QUESTIONS

Enter your questions in the chat
regarding the topics discussed
during today's webinar.

Questions?

Let's open the discussion.

What would be helpful to clarify before we move forward?